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THE UNIVERSITY OF ALBERTA

AN INVESTIGATION OF FINANCIAL INSTITUTION SELECTION BY THE MOBILE CONSUMER

by

© ALLAN DOUGLAS PLATT

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE

OF MASTER OF BUSINESS ADMINISTRATION

FACULTY OF BUSINESS ADMINISTRATION AND COMMERCE

EDMONTON, ALBERTA

FALL 1972

Theses
725-178

THE UNIVERSITY OF ALBERTA

FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled An Investigation of Financial Institution Selection by the Mobile Consumer submitted by Allan Douglas Platt in partial fulfilment of the requirements for the degree of Master of Business Administration.

ABSTRACT

This study was fundamentally concerned with the long distance mobile segment of the population. People who move from one metropolitan area to another are confronted with the problem of selecting a financial institution (Bank, Credit Union or Trust Company) when they relocate in a new community. Specifically, the purpose of this investigation was to determine if there are differences between mobiles who changed institutions (switchers) and those who did not change institutions but instead opened an account with a new branch of their previous financial institution (non-switchers).

Four major areas were investigated: (1) socio-economic characteristics of mobiles, (2) previous relationships with a financial institution, (3) patronage motives used, and (4) the mobile's physical search process. Variables used to examine each group were as follows:

1. Socio-economic characteristics:
    a. marital status
    b. income
    c. age of head of household
    d. occupation of head of household
    e. education of head of household
    f. previous home ownership
2. Previous financial institution relationships:
    a. previous borrowings
    b. credit card ownership
    c. transfer of account by previous banker.

3. Patronage motives:

   a. closeness to place of employment
   b. closeness to home
   c. hours of service
   d. friendliness of staff
   e. modern premises
   f. parking facilities
   g. service charges
   h. interest rates
   i. institutional integrity

4. Physical search process:

   a. source of information used
   b. number of firms visited
   c. time spent searching.

Personal interviews, using administered questionnaires, were conducted with 77 long distance mobiles who were newcomers to the City of Edmonton. Of the 77 respondents, 29 were classified as switchers and 48 as non-switchers.

The data obtained were analyzed using the chi-square statistical test of significance. The main findings of the study are summarized below:

1. Socio-economic characteristics were not found to significantly distinguish between the switcher and non-switcher.
2. Patronage motives were not found to significantly distinguish between the switcher and non-switcher.
3. One variable in the category concerning past relationships - the transfer of account by

a mobile's previous banker - was found to be highly significant in distinguishing between the switcher and non-switcher.

4. One variable in the category concerning a mobile's physical search process - the information source used - was found to be highly significant in distinguishing between the switcher and non-switcher.

ACKNOWLEDGEMENTS

I wish to express my appreciation to Dr. Paul Hugstad, supervisor, for the insight, guidance and assistance he provided during all phases of this study. Thanks are also extended to Dr. M. James Dunn for his very helpful assistance in the statistical and computer analysis, and to Mrs. Doris R. Badir, for consenting to be a member of the examining committee.

Special thanks are also extended to Fred Rogers for his patience and direction during the computer analysis, and to Miss Marian Scragg whose patient persistence at deciphering the rough draft and revisions resulted in the typed finished copy.

Words cannot describe the invaluable assistance provided by my wife during the past five years, especially during the writing stage of this thesis.

Dedicated to

Peggie

For helping

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CHAPTER I

PROBLEM DELINEATION

INTRODUCTION

The individuals in the mobile[1] segment of the population are continually faced with the problem of establishing new banking relationships. As a family changes addresses, it is confronted with the problem of either (1) establishing a new banking relationship with a different financial institution, or (2) establishing a new banking relationship with a new branch of their previous financial institution. Financial institution for the purposes of this study will be defined either as a Bank, Credit Union or Trust Company.

The primary objective of this study will be to determine whether there are any significant differences between those people who can be classified as switchers

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[1]Mobiles are those individuals who change their place of residence. For the purposes of this study, only the long distance mobiles (those who move from one metropolitan area to another) will be considered.

and those who can be classified as non-switchers.[2] Identifiable differences would permit financial institutions to more clearly define one of their target market segments - the switchers.

BACKGROUND OF THE PROBLEM

Data compiled since 1948, reveal that each year approximately twenty per cent of the population moves from one residence to another.[3] One author, James Bell, Jr., has defined mobiles as either (1) people who are unemployed and are moving in a desire to seek

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[2]For purposes of this study the switcher will be defined as a financial institution customer who, upon taking up his new residence, changes financial institutions. He either (1) changes firms within one type of institution (e.g. Bank of Montreal to Royal Bank) or (2) changes one type of institution to another (e.g. Montreal Trust Company to Toronto-Dominion Bank). The non-switcher will be defined as a financial institution customer who, upon taking up his new residence, does not change financial institutions, but opens up a new account with a different branch of his previous financial institution.

[3]U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 156, "Mobility of the Population of the United States: March 1965 to March 1966." (Washington, D.C., U.S. Government Printing Office, 1966), p. 1. No similar statistic is compiled by Statistics Canada. The 1961 census did look at an individual's address in June 1956, and, if different from that of June 1961, the individual was classified as a "mover." Return movements and multiple movements made during the preceding five-year period, however, were not accounted for.

employment elsewhere, or (2) professional people who move in response to a greater demand for their services elsewhere.[4] Mobiles are faced with re-establishing supplier and service facilities at the new location, and are forced to choose between alternate suppliers or services, many of which are totally unfamiliar to the new mobile.

Bell investigated the selection process a new mobile goes through in establishing supplier or service outlets for ten different purchase categories.[5] One of the categories he investigated, financial institution selection, will be the focus of the present study and will be concerned with the mobile consumer within the Canadian environment.

Changing addresses means changing banking relationships. Peter Newman has stated that people are likely to switch banks when they are either "moving, getting married or taking a new job."[6] The "bank

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[4]James E. Bell, Jr., An Analysis of the Decision Process Utilized by Long Distance Mobile Families in Selecting New Sources of Supply for Goods & Services (Ann Arbor, Michigan: University Microfilms, Inc., 1972), p. 24.

[5]Bell, Ibid.

[6]Peter C. Newman, "The Bankers, Part II," The Canadian Banker, LXXIX (March-April, 1972), p. 18.

connection is something of a professional allegiance, like the relationship with your doctor or lawyer."[7] This research study will attempt to investigate the switcher as opposed to the non-switcher, to determine if there are ways this "allegiance" can be strengthened, thereby reducing the number of mobile switchers.

The Canadian financial system was dominated by the chartered banks until the early 1900's. However, since that time there has been a steady decline in the bank's position relative to other financial intermediaries.[8] Increased competition is being encountered by the Banks from the Credit Unions and Trust Companies. Because these institutions offer deposit taking and loan granting services, and because they operate banking type offices, they are often called "near banks."[9] There is also competition within each type of financial institution for the customer's patronage. "Banks have begun

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[7] Ibid.

[8] E.P. Neufeld, The Financial System of Canada: Its Growth (New York: St. Martin's Press, 1972), p. 52. Financial intermediaries, in addition to banks, trust companies and credit unions, also includes life insurance companies, finance companies, mutual funds, pension funds, and federal and provincial crown corporations.

[9] J.A. Galbraith, Canadian Banking (Toronto: The Ryerson Press, 1970), p. 47.

to actively compete for both large and small deposits."[10]

The network of financial institution offices provides a mechanism with which to serve customers. There are now 6369 bank branches in Canada.[11] Trust Companies have over 500 branches and there are over 5000 Credit Union offices located in urban centers.[12] Financial institutions, because of the availability of branches, and because of the competitive pressures indicated above, could be directing more of their promotional efforts toward retaining the patronage of the mobile consumer. This promotional effort might, for example, be aimed at reducing the number of switchers.

A research study which investigated why non-mobiles moved their accounts from bank to bank found that people changed for the following reasons: (1) proximity (a desire to be closer to their money), (2) bank errors, (3) lack of information about services, (4) gifts, (5) poor teller service, (6) inconvenient hours of service, (7) long waiting lines, and

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[10]E.P. Neufeld, The Financial System of Canada: Its Growth and Development (New York: St. Martin's Press, 1972), p. 133. See also "Submissions to the Royal Commission on Banking & Finance," The Canadian Banker (Spring, 1963), supplement.

[11]The Canadian Banker, LXXIX (May, June, 1972), p. 46.

[12]Galbraith, op. cit., pp. 49-50.

(8) unfriendliness.[13] The mobile who becomes a switcher at the time of his move may be changing for one or more of the above reasons.

Financial institutions have become almost a necessity in our cheque and credit society. Very few people now keep their money "in a sock" or "under the mattress" as was quite possibly the case several decades ago. Hence nearly every mobile family requires the services of a financial institution wherever they live.

PROBLEM STATEMENT

Increasing competitive pressure between financial institutions for the patronage of the consumer indicates that more information is needed about the financial institution customer. If it could be established that there are both switchers and non-switchers among the mobile segment of the population, and if differences could be detected between the switcher and non-switcher individual, financial institutions might then be able to design marketing programs to persuade the consumer to become a non-switcher when he changes addresses. This study will be directed at answering

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[13]"Bank Switching - Why It Occurs," Banking, LXIII (December, 1970), p. 53.

the following research questions:

1. Are there socio-economic characteristics that distinguish between a switcher and non-switcher?
2. Are past relationships with a financial institution important in determining whether a mobile becomes a switcher or non-switcher?
3. Do financial institution patronage motives[14] differ between the switcher and non-switcher?
4. Does the financial institution physical search process (source of influence in selecting a financial institution, number of firms or branches visited, and number of days spent searching) differ between the switcher and non-switcher?

HYPOTHESES

This study will investigate the characteristics of switchers and non-switchers to determine if there are

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[14]Patronage motives will be defined for the purposes of this study as being the reasons as expressed by a respondent for selecting a financial institution. This will depend upon an individual's recall ability as to why a particular institution was selected.

differences between the two classifications. The independent variables fall into four categories: (1) Socio-economic factors, (2) previous banking relationship, (3) patronage motives, and (4) physical search process.

The socio-economic factors to be considered are (1) marital status, (2) household income, (3) age of household head, (4) occupation of household head, (5) education level of household head, and (6) home ownership.

Past relationships with a financial institution will be investigated, looking specifically at (1) previous borrowings, (2) the carrying of financial institution credit or identification cards, and (3) the transfer of account by a financial institution to the mobile's new community.

The patronage motives of (1) closeness to place of employment, (2) closeness to home, (3) hours of service provided, (4) friendliness of staff, (5) modern premises, (6) parking facilities, (7) service charges, (8) interest rates and (9) institutional integrity will be investigated as independent variables.

The physical search process will be considered using (1) source of influence in financial institution selection, (2) number of branches visited before

selection, and (3) number of days spent searching before selection as the independent variables.

METHODOLOGY

The research study will be based upon personal interviews to be conducted with long distance mobiles. To be classified as a long distance mobile, the respondent must (1) be a newcomer to Edmonton within the previous six months, (2) indicate a previous address other than metropolitan Edmonton, and (3) indicate that his previous residence was in Canada.

A local welcoming organization will be utilized to provide a list of newcomers. Attempts will be made by the researcher to contact by telephone all newcomers in the lists, and seek their cooperation in the study. Those newcomers who agree to participate will then be given an administered questionnaire at their residence by female interviewers hired and trained for the research.

Upon completion of the interviews, data collected will be transferred to punch cards and tabulated by computer. Survey findings will then be subjected to a chi-square statistical test to accept or reject the null hypotheses formulated.

CONTRIBUTION OF THIS STUDY

It will be the aim of this study to discover significant differences between the switcher and non-switcher consumer - differences that could be useful to the financial institution marketer in formulating procedural guidelines for business development. It is hoped that this study will provide financial institution management with information that will emphasize the need for special attention to the mobile consumer. Knowledge about the socio-economic characteristics of the switcher, if different from those of the non-switcher, would be an aid in creating advertising and promotional programs. A furtherance of knowledge about the relationship of past experiences and whether the mobile is classified as a switcher would provide insight into designing operational policies to reduce the number of switchers. Knowledge about the patronage motives of the switcher, if different from those of the non-switcher, would help to clarify some of the likes and dislikes of the mobile newcomer. Finally, knowledge about the physical search process of a mobile after arrival in a new community might be helpful in designing programs aimed at contacting the newcomer.

ORGANIZATION

The remainder of this study is organized into four chapters. Chapter II presents a review of the literature relevant to the research topic area. A description of the research design used to collect the data is contained in Chapter III. Chapter IV presents the study findings and Chapter V contains a summary of the research findings and conclusion drawn therefrom.

CHAPTER II

REVIEW OF THE LITERATURE

Chapter II is devoted to a review of the literature on such aspects of consumer behavior as (1) the characteristics of the mobile market, (2) the establishment of shopping patterns, and (3) consumer patronage motives.

THE MOBILE CONSUMER

Research on how mobiles or newcomer families select suppliers after completing a long distance move is limited. Approximately 20 per cent of the population change addresses each year, and this figure is slowly increasing.[15] Many factors account for this trend, some of which are the rural to urban migration, growth of suburbs, new industries, business mergers and employee transfers.[16] The American Bureau of Census found that during the 10 year period 1954 to 1964, only one out of every four people stayed in the same residence.[17]

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[15] "Consumer Dynamics - Part II: The Movers," Progressive Grocer, (November, 1965), pp. K37-K38.

[16] Ibid.

[17] Ibid.

A 1964 U.S. study by Andreason investigated the characteristics of the mobile segment of the population.[18] The study revealed that geographic mobiles possess the following characteristics:

1. "relatively young
2. well educated
3. in higher status occupations
4. having above average incomes
5. in higher social classes
6. socially active
7. socially upward mobile, with high social class aspirations
8. geographic mobile in the past
9. having their present move economically inspired."[19]

The value to marketers of segmenting the entire mobile market is dependent upon the degree to which a change in residence may affect a change in purchase patterns. More specifically, the value to financial institution marketers of segmenting the mobile market depends on whether a change in residence brings about

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[18]Stan R. Andreason "Geographic Mobility & Market Segmentation" Journal of Marketing Research, III (Nov., 1966), p. 341-45.

[19]Ibid., p. 342.

a change in financial institutions. The change between branches (non-switcher) of the same financial institution is desirable and acceptable; a change between financial institutions (switcher) is not desirable for it means a customer has been lost to a competitor.

James E. Bell, Jr., has published a comprehensive report of his research concerning how mobiles select new suppliers.[20] He undertook a detailed study of 147 new families in a metropolitan area of 200,000. Sixty per cent of the families had moved from another state. Interviews were conducted in-home with the housewives, who had been in the community an average of 23 weeks. The purchase categories investigated were: (1) Food, (2) Beauty Parlors, (3) Dry Cleaner, (4) Financial Institutions, (5) Insurance, (6) Furniture, (7) Appliances, (8) Women's Clothing, (9) Men's Suits and (10) Medical Services. Bell found that the supplier selection patterns of mobiles varied from one purchase category to another. He defined the pattern as being composed of (1) information sources, (2) time to selection, (3) the individuals making the selection, and (4) the number of potential suppliers visited. Personal

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[20]James E. Bell, Jr., Selection of New Suppliers by the Mobile Family (East Lansing, Michigan: M.S.U. Business Studies, 1969).

information was the more frequently used source, with searching ranking second. The findings revealed a clear division of decision responsibility between husband and wife. Wives selected all beauty parlors, dress shops, and chose two-thirds of the super markets, dry cleaners, and medical service suppliers. Husbands generally made the decisions in selection of family bank, insurance firms, and men's clothing stores. Joint decisions were the most common division in only the appliance store selection.[21]

Mobiles selected suppliers rather rapidly, with the mean ranging from 1.0 weeks in first supermarket selection to 9.2 weeks in selecting a dentist. Within six weeks, the majority had rebuilt a working shopping pattern.[22]

Bell's research findings revealed a variation in the number of supplier contacts from one in the medical service area to four in selecting a third furniture store.[23] The impact of (1) length of marriage, (2) age of children, (3) income, (4) occupation, (5) size of family and (6) education level were also considered as factors affecting the selection decision process. No

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[21] Ibid., p. 36.

[22] Ibid.

[23] Ibid.

consistent pattern was found, as each factor influenced each category differently, depending on the nature of the supplier.[24]

In the purchase category defined as financial institutions, (Savings & Loan, Credit Unions, and Banks) Bell discovered that 90 per cent of the new mobiles had opened local bank accounts within 10 days of arriving in a community. Mobiles relied heavily (45 per cent) upon personal sources of information (friends, co-workers, neighbors), and upon searching (42 per cent) in selecting banks.[25] Only one firm was usually visited in the selection process.

Bell concluded that recommendation, convenience, and prior experience all play major roles in the bank selection process.[26]

PATRONAGE MOTIVES

The banking industry is becoming increasingly competitive, both within and between financial institutions, and thus it will become more important to retain

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[24] Ibid., p. 41.

[25] Ibid., p. 38.

[26] Ibid., p. 70.

present customers. The 1967 revision of the Bank Act eliminated the ceiling on interest rates that could be charged for loans, with the result that banks have now moved into many new areas. The customer's patronage is actively pursued.[27]

Convenience, a rather nebulous term, has played a primary role in determining a customer's patronage motives in selecting a particular bank with which to deal. Many studies have come to the conclusion that convenience is the most important factor affecting the choice of banking outlet. Kendall has defined convenience as having four dimensions. The first is the commonly accepted connotation of geographic location as being convenient to either the customer's residence or place of employment. A second dimension is the hours of service provided. The third is the discretionary or loan limit of the branch manager, and the fourth dimension is defined as satisfying community needs - being convenient for both the community and the people living in that community.[28]

Bell, in his research, found that convenience to home was listed as the reason for choosing a bank forty-

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[27]Galbraith, op. cit., pp. 46-53.

[28]K.A. Kendall "Banking - Convenience & Needs" Duns Review, 91 (April, 1968), p. 20-21.

one per cent of the time. Previous experience with the firm was listed eighteen per cent of the time, and convenience to work ten per cent of the time.[29]

Another recent study reported that "convenience was the primary reason given for choosing a savings institution."[30] Convenience as an important patronage motive would thus tend to partially explain the large number of bank, trust company and credit union branches located throughout any metropolitan area. New financial institution branches are usually opened where the traffic suggests business may be gained, and attractive, modern premises are designed to draw public attention and use.[31]

Eugene Kelly, in an article entitled, "The Importance of Convenience in Consumer Purchasing" defined customer shopping as obtaining a balance between commodity costs (the actual dollar cost of the goods or service; the physical price tag) and convenience costs.[32] (The

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[29]Bell, op.cit., p. 141.

[30]Carl Dalby McDaniel. "Methods of Image Measurement: A Case Study of Savings & Loan Associations" (unpublished D.B.A. dissertation, Arizona State University, 1970), abstract.

[31]Galbraith, op.cit., p. 46.

[32]Eugene Kelly, "The Importance of Convenience in Consumer Purchasing," The Journal of Marketing, XXIII (July, 1958), pp. 32-38.

latter includes all "other" costs - transportation, parking, delivery, finance charges, and time and energy expended on shopping for a particular goods or service.)

Pierre Martineau investigated the relationship between customers and stores. With regard to social class or status, he found that "consumption patterns operate as prestige symbols to define class membership, which is a more significant determinant of economic behavior than mere income."[33] Martineau concluded that each and every store has a different "pulling power" which applies to different status groups. This raises the question of how an individual chooses a particular store. Martineau attempted to define patronage motives (the underlying reasons why people shop the way they do) by defining economic and emotional motives.[34] He classified economic patronage motives as (1) convenience, (2) variety of selection, (3) quality of goods, (4) courtesy of sales personnel, (5) integrity of the store, (6) services offered, and (7) valued offered. The emotional patronage

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[33]Pierre Martineau, "Social Classes and Spending Behavior, "Marketing Classics, ed. Ben M. Enis and Keith K. Cox (Boston: Allyn and Bacon, Inc., 1969), pp. 202-215, at p. 215.

[34]Pierre Martineau, "The Pattern of Social Class," Marketings Role in Scientific Management, ed. R. L. Clewett (Chicago: American Marketing Association, 1957), pp. 233-249.

motives he defined as (1) sociability, (2) distinctiveness, (3) pride, and (4) emulation of others. His studies found that stores do in fact appeal to different motives, and that stores can be differentiated into classes, as can people within our society.

In another research study in which Martineau asked people what they liked best about their favorite savings and loan association, only 23 per cent even mentioned interest rate.[35] The outstanding features of attraction of these financial institutions competing with banks was their friendliness and relaxed, helpful, accepting atmosphere, plus their modern and colorfully attractive places of business.

Gregory Stone, in 1952, attempted to define shopper patronage motives.[36] His sociological research into individual reactions to the establishment of a large store in Chicago led him to define and classify shoppers on the basis of the relationships which an individual shopper establishes (or does not establish) with a

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[35]Pierre Martineau, "The Changing American Consumer," Boston Conference on Distribution, (1958) pp. 28-30.

[36]Gregory P. Stone, "City Shoppers and Urban Identification: Observations on the Social Psychology of City Life, "American Journal of Sociology, LX (July, 1954), pp. 36-45.

specific store. By administering questionnaires and analyzing responses, he was able to group respondents into four empirical consumer types: (1) economic - the middle class who were primarily interested in price, quality and variety, (2) apathetic - those who had no interest in shopping and are willing to patronize the most convenient store, (3) personalized - those who seek out stores where they feel socially comfortable, and who rate stores in terms of the closeness of the relationship to sales personnel, and (4) ethical - those shoppers who feel they ought to support particular stores, especially neighborhood and small shops; those who appreciate their availability.

Stone's investigation revealed that economic and personalizing orientations were more often adopted by housewives who were newcomers to an area, and ethical and apathetic orientations were adopted by long-time residents of the district. In Stone's view, the implication for marketers is to recognize that people may develop loyalties to a store rather than to the product. This would also seem to emphasize the need for bank executives to recognize this type of loyalty because of the similarity of services offered.[37]

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[37]Galbraith, op.cit., p. 46.

Arno Kleimenhagen conducted a study to investigate consumer shopping trips.[38] He hypothesized that the convenience goods shopper would not travel far in her shopping trip, nor would she visit more than one store or devote much time. The shopping good shopper would travel considerable distances to obtain an adequate and proper clustering of stores, more than one store would be visited, and considerable time would be spent purchasing. Specialty goods would receive special effort, great distances would be travelled, but only one store would be visited.

From his research, Kleimenhagen concluded that consumers, for the most part, do their convenience shopping close to their residence, with customers travelling greater distances for specialty and shopping goods. The services offered by the banking institutions all, for the most part, approach the definition of convenience goods; services which are purchased frequently, immediately, and with a minimum of effort.[39] A more

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[38]Arno K. Kleimenhagen, "Shopping, Specialty, or Convenience Goods?" Journal of Retailing, XLII (Winter, 1966-67), pp. 32-39.

[39]Definition Committee, American Marketing Association, "Report of the Definition Committee," Journal of Marketing, XIII (October, 1948), p. 206 and p. 215. This definition has been retained in virtually the same form by the committee at its 1960 revision.

operational definition has been proposed by Holton. His definition would also tend to classify bank services as convenience goods: "the consumer regards the probable gain from making price and quality comparisons as small compared to the cost of making such comparisons."[40]

Arno Kleimenhagen and Ronald Stampfl administered a questionnaire to 249 new residents to a specified trading area.[41] Their aim was to examine how new residents develop patronage motives for products that are purchased regularly. They found that "convenience" as a reason for selecting a supermarket was used by 51.2 per cent of their sample, with "past experience with the chain" used by 24.8 per cent as the primary reason in store choice. These authors found that newcomers shop at several supermarkets before choosing a favorite store. They concluded that "as long as an item is to be classified as a specialty good, it constitutes the basis for consumer attraction; but, as it loses this ability, the store must be able to afford the attraction."[42]

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[40]Richard H. Holton, "The Distinction Between Convenience Goods, Shopping Goods, & Specialty Goods," Journal of Marketing, XXIII (July, 1958), pp. 53-56.

[41]Arno K. Kleimenhagen and Ronald W. Stampfl, "A Principle of Drift for Institutional Patronage?" Journal of Retailing, XLIV (Fall, 1968), pp. 3-12.

[42]Ibid., p. 12.

Stephenson undertook a study which was designed to use the semantic differential to identify retail food shopper patronage motives.[43] A new specialty meat shop was used, and a contest (requiring name and address) was conducted during the first six weeks the store was open. A random sample (N = 291) was selected from the participants and two interviews were conducted. The first (in-home) used a semantic differential instrument to rate three stores (1) the new store, (2) a regular meat store, and (3) an ideal meat store. A second interview two months later resulted in the subjects being divided into three groups: (1) those who had shifted patronage to the new store, (2) those who still shopped at their regular store, and (3) those who had changed from their previous store to some other store (not the new one). Analysis of differences in semantic differential ratings were made across the three respondent groups, (using 4 sets of paired comparisons) based on eight basic dimensions of store image. Factor analysis of the semantic differential scores yielded the following eight image dimensions: (1) advertising by the store, (2) physical store characteristics, (3) convenience in

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[43] P. Ronald Stephenson, "Identifying Determinants of Retail Patronage" Journal of Marketing, XXXIII (July, 1969), pp. 57-61.

reaching store, (4) friends and the store, (5) merchandise selection, (6) store personnel, (7) prices, and (8) dependability.

Statistically significant differences between patron and non-patron ratings of the new store, and the differences in patron and non-patron ratings of an ideal store and the new store were found by Stephenson in six of the image dimensions: advertising, convenience, friends and store (importance of word of mouth), selection, price, and dependability. (well known brands and quality of products).

The author concluded that the results are useful in (1) measuring differences in the way customer groups view a given store, (2) identification of merchandising characteristics that are important to a given group of target customers, and (3) comparing customer's perceptions of directly competing outlets.

Social class as a determinant of consumer store patronage has been given relatively little attention in the literature. Rich and Jain, in a 1968 report, concluded from their research (and the research of others cited by them) that because of "levelling effects of social and economic changes," the importance of social class as a factor of consumer market behaviour has been

lessened.[44] Their data was originally collected in 1963 (4,000 interviews in Cleveland and New York) for other purposes. Part of the data was reanalyzed - 1,056 personal interviews representing a probability sample of all women 20 years of age and older residing in the Cleveland area. They were interested in determining the influence on shopping behavior for ladies fashions of (1) social class, and (2) life cycle. Their findings were summarized as follows: (1) women in various social classes displayed no significant differences concerning the influence of friends on shopping, (2) most women, regardless of social class, enjoyed shopping, (3) shopping frequency was significantly associated with social class (38 per cent of upper class women, 34 per cent of middle class, and 24 per cent of lower class women shopped 52 or more times a year), (4) the higher the class, the more important it was to shop quickly (39 per cent upper class, 34 per cent middle class, and 30 per cent lower class), (5) the lower the social status, the greater the proportion of downtown shopping (18 per cent upperclass, 22 per cent lower-upper, 68 per cent lower-lower class) and (6) the price appealing

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[44]Stuart U. Rich and Subhash C. Jain, "Social Class and Life Cycle as Predicators of Shopping Behavior," Journal of Marketing Research, V (February, 1968) pp. 41-49.

store is inversely related to class.[45]

Rich and Jain pointed out numerous contradictions between the findings of their study and the findings of other researchers. They concluded that their study supports the idea that social class distinctions have been obscured by rising incomes and educational levels.

As a counter-argument to Rich and Jain, Charles T. Moore and Joseph B. Mason conducted a study in which they concluded that social class perceptions may indeed influence consumer patronage behavior.[46]

Their methodology involved analyzing survey data obtained from 500 households located in a 340 square mile area near Birmingham, Alabama. Considerable differences were found to exist between the shopping habits of the rural and urban shoppers, although all lived within the same geographical area. They suggested that "consumer perceptions of a given retail center lead to irregularities in its trading area, even in the absence of social class differences and spatial temporal or physical

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[45] Ibid., p. 48.

[46] Charles T. Moore and Joseph B. Mason, "A Research Note on Major Retail Center Patronage," Journal of Marketing, XXXIII (July, 1969), pp. 61-63.

barriers."[47] The offering of the central business district was sufficiently superior to the other centers to attract shoppers from both urban and rural areas. However, "the differential preference rates between the incorporated and unincorporated areas indicates that even the central business district's superior offerings are not sufficient to entirely overcome differential social class perceptions."[48] Moore and Mason concluded that socio-economic variables did not explain the retail center patronage decisions of their study area. It was suggested that self image or social class perceptions must be considered.

SHOPPING PATTERNS

Upon moving to a new community, families must go through the learning process of acquiring sources of supply for the goods and services they need. Hence, the shopping patterns and habits that were broken through the move must be re-established or rebuilt upon arrival at the new community. The source of supply and how that source is selected becomes important.

One of the earlier investigations into shopping

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[47] Ibid., p. 63.

[48] Ibid.

patterns was a study conducted by Blankertz who measured the customer patronage of a parent store before and after a branch store was opened in the same city.[49] He analyzed the credit records of 852 customers residing in the area of the branch store. The combined results, after the branch store opening, reflected a 41 per cent increase in the number of active accounts, a 59 per cent increase in dollar sales, and a 72 per cent increase in purchase days of customers. Based on questionnaire returns, customers only reduced their downtown shopping by less than 2 per cent. According to Blankertz, the branch store simply became one more department store to shop, and not a substitute for those stores already patronized. Branch and parent stores did not attract separate customer groups, but both drew from the same group. However, it must be recognized that other variables may have influenced shopping behavior: (1) the study was conducted in 1948-49 during the post-war economic boom, and (2) shopping centers were a relatively new venture. Thus people may have experimented by shopping at the branch store, but did not want to risk breaking off their traditional

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[49] D.F. Blankertz, "Customer Patronage of a Parent and New Branch Store," Journal of Marketing, XVI (July, 1951), pp. 152-157.

ties with the downtown store.

Sidney Levy looked at shopping patterns as one variable influencing individual consumption patterns.[50] He was more concerned with social class influence, and concluded that individual activities are a function of differences in values, interpersonal attitudes, self perceptions, daily life routines, media, and advertising, as well as shopping patterns. He summarized findings from several years of Social Research Reports, and argued that status does appear to affect where people decide to shop. Some products and brands are purchased in different channels by members of different social classes. Levy recognized that stores will have customers from more than one class, but the individual store loadings will differ and thus purchasing patterns will differ. Upper class women, he found, are more organized and efficient, lower middle class "work" more at their shopping - are more conscious of making a best buy, and lower class shoppers are more impulsive, being the least organized.

Social class influence, however, must not be discounted as a force affecting consumer shopping patterns,

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[50]Sidney J. Levy, "Social Class and Consumer Behavior," On Knowing the Consumer, ed. Joseph W. Newman (New York: John Wiley and Sons, Inc. 1966), pp. 146-160.

for although classes may be observed by the "commonalities in human aims . . . and by the superficial significance of much consumption . . . they seem consistent and persistent in governing, where relevant, the consumer's approaches to the market."[51]

Pierre Martineau, in the 1958 study cited earlier, concluded that "consumption patterns operate as prestige symbols to define class memberships . . ." From this he inferred that the establishment of shopping patterns could also be utilized as "prestige symbols."[52]

An early study by Heidingsfield attempted to determine the factors that motivate customers to shop downtown.[53] A randomly selected sample of 500 families were interviewed in Philadelphia. The reasons given for not shopping downtown, were (1) lack of time, (2) prices too high, (3) dislike going downtown and (4) physically unable. In determining favorite stores, nature of merchandise, prices, service and personnel were cited as

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[51] Ibid., p. 160.

[52] Martineau, "Social Classes & Spending Behavior," p. 215.

[53] Myron S. Heidingsfield, "Why Do People Shop in Downtown Department Stores?", Journal of Marketing, XIII (April, 1949), pp. 510-513.

being important.

C. T. Johanssen conducted a comprehensive study in Columbus, Houston and Seattle to determine how individuals and groups meet their shopping needs, and what shopping factors and attitudes influenced consumer behavior.[54] Measurement of the spatial pattern of shopping revealed that food, doctor's care, and movies were sought in areas nearer home, and that buying of clothing, shoes and house furnishings were primarily downtown. Temporal patterns showed that food shopping was a weekly affair, whereas downtown shopping was only done once a month. Disadvantages of downtown shopping were listed as (1) difficulty in parking, (2) crowded conditions and (3) traffic congestion. Advantages were (1) large selection of products, (2) access to do other household maintenance needs (utility payments, etc.) and (3) cheaper prices. Shopping centers had the more universal appeal of closeness to home. The disadvantages cited by Johannsen were (1) lack of complete selection, (2) limited number of stores and (3) high prices.[55]

Neighborhood loyalty, as measured by length of residence, had no effect on shopping pattern, but

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[54] C.T. Johanssen, Shopping Center Vs. Downtown (Columbus, Ohio: The Ohio State University, 1955).

[55] Ibid.

presence of children did influence subjects to favor shopping centers. The data supported Johannsen's hypothesis that when people want to procure shopping goods, higher socio-economic groups living in the suburbs patronize downtown stores more, and are more favorably inclined toward such stores than are lower economic groups. This effect is reduced and even reversed as proximity to the downtown area becomes a factor. Johannsen's study stressed the importance of parking to the establishment of shopping patterns. However, he has shown that other factors are important to the shopper. Time has shown that capitalizing on such differences has enabled the downtown stores to remain a competitive, viable establishment.

James Bruner and John Mason attempted to measure the influence of driving time upon customer preference for specific shopping centers and the significance of driving time in determining the trade area of a shopping center.[56] Earlier studies had looked at distance from a center as an influencing factor. The study was conducted in Toledo, Ohio, and the information was obtained from license plates. Five probability samples totalling 2,036 license numbers were systematically drawn from each

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[56]James A. Bruner and John L. Mason, "The Influence of Driving Time Upon Shopping Center Preference," Journal of Marketing, XXXII (April, 1968), pp. 57-61.

of five shopping center parking lots. The addresses were then obtained, plotted on a map, and classified according to census tracts. It was found that trading area patterns of the shopping centers were not circular as is commonly depicted but were rather amoeba-like patterns. (star-shaped - along major thoroughfares). Furthermore, Bruner and Mason discovered that there is considerable overlap between trading areas.[57] They found that approximately 75 per cent of a shopping center's customers live within a 15 minute drive and that the largest centers cater to the largest trading area. The authors acknowledged that such influential factors as population, purchasing power, population density, newspaper circulation, etc. were not considered in their study.

Their final conclusion was that "the driving time required to reach a center is highly influential in determining consumer shopping center preferences."[58]

The fact that marketers must be extremely cognizant of the characteristics of their own particular market was brought out by a subsequent study conducted

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[57] Ibid., p. 60.

[58] Ibid., p. 61.

by Cox and Cooke.[59] They were interested in applying the Bruner and Mason Study of driving time influence to the city of Cleveland, Ohio, which was more than three times as large as Toledo in terms of population, number of households and retail sales, and Toledo had a 16 per cent higher effective buying income per household.

Cox and Cooke found wide variations in the pattern of driving time and thus were unable to totally accept Mason and Bruner findings. They then attempted to look at the "drawing power of the center," using location (proximity to other centers and distance from natural barriers) and attractiveness (using percentage of customers over 15 minutes driving time.)

It was found that the variations in driving time from the Toledo study could be partially accounted for by location and attractiveness of the centers. Location and attractiveness, as well as driving time, were deemed to be important determinants of consumer shopping center preferences.

It must be recognized that the two studies just cited emphasize attractiveness from the supply side (traffic generating characteristics) rather than from

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[59]William E. Cox, Jr., and Ernest F. Cooke, "Other Dimensions Involved in Shopping Center Preference," Journal of Marketing, XLV (October, 1970), pp. 12-17.

the demand side (patronage decisions and consumer characteristics.)

Several studies have attempted to measure patronage determinants of specific retail outlets. Udell investigated small appliance shoppers and discovered that consumers do not go from store to store to gather information on competing brands.[60] Supermarket shoppers, it was learned, do not shop from store to store, but do most of their shopping at one store.[61] R. A. Scott concluded from his research into supermarket patronage that upper middle and upper social classes are more attracted to local chains, with lower middle and lower social classes more attracted to discount, national chains and regional chain stores.[62]

Numerous studies have attempted to investigate the image of a particular store. Pierre Martineau has best defined image as it relates to patronage motive: " . . . there is a force operative in the determination

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[60] Jon G. Udell, "Pre-purchase Behavior of Buyers of Small Electrical Appliances," Journal of Marketing, XXX (October, 1966), pp. 50-52.

[61] B. Thompson, "An Analysis of Supermarket Shopping Habits in Worchester, Mass." Journal of Retailing, (Fall, 1967), pp. 17-29.

[62] R. A. Scott, "Consumer Selection of Retail Food Stores," The Southern Journal of Business, (July, 1968), pp. 236-244.

of a store's customer body besides the obvious functional factors of location, price ranges, and merchandise offerings . . . this force is the store personality or image - the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes."[63] He argued that consumer patronage decisions are influenced by a wide range of "intangibles." There are, according to Martineau, personality factors to a store such as layout and architecture, symbols and colors, advertising policies, and sales personnel that act as influences on an individual patronage decision. The shopper "seeks the store whose image is most congruent with the image she has of herself."[64]

No in-depth investigations into the financial institution selection process of consumers could be found in the literature. Several authors looked at specific decisions husbands and wives made with regard to their banking needs, and the division of responsibility between the spouses in such matters.

Elizabeth Wolgast found that in the general areas

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[63]Pierre Martineau, "The Personality of the Retail Store," Harvard Business Review, XXXVI (Jan. - Feb., 1958), pp. 47-55.

[64]Ibid., p. 49.

of "handling the money and bills," and "seeing to it that some money gets saved," decision responsibility is often shared; where it is not, the wife usually plays the dominant role.[65] Age was found to be a factor; older married people made fewer joint decisions.[66]

Sharp and Mott in a Detroit study investigating consumer decisions, concluded from their research that managing the family budget was the responsibility of the wives in 40 per cent of the cases.[67] Husbands managed the family budget in 26 per cent of the cases with joint management undertaken by both spouses 34 per cent of the time.

SUMMARY OF THE LITERATURE

From the studies cited, it is evident that financial institutions as a purchase category have not received much attention in the literature. However, generalizations that may be useful to the financial institution marketer can be made.

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[65] Elizabeth H. Wolgast, "Do Husbands or Wives Make the Purchasing Decisions?" Journal of Marketing, XXIII (October, 1958), pp. 151-158

[66] Ibid., p. 154.

[67] Harry Sharp & Paul Mott. "Consumer Decisions in the Metropolitan Family." Journal of Marketing, XXI (October, 1956) pp. 149-156.

Mobiles have been identified as a sizeable segment of the population, and have identifiable characteristics. All mobiles, whether moving to a new residence in the same community, or undertaking a long distance move, are confronted with re-establishing shopping relationships severed by the change of address. Mobiles do not take long to re-establish shopping relationships. Personal recommendations and searching are important in influencing selection decisions.

Convenience seems to be the dominant expressed patronage motive. A problem arises in attempting to define convenience, but the most common connotation seems to be closeness to home or place of work, and accessibility. Some of the other patronage motives expressed in the literature are (1) courtesy of sales personnel, (2) integrity of the firm, (3) extent of services offered, and (4) modern premises. The image or social class of a store also has some influence on customer patronage, because the customer may attempt to shop at a store where she feels "comfortable."

Shopping patterns also influence the consumer decision process. Distance from the store or service, driving time, the socio-economic status of the consumer, parking facilities, and the attractiveness of a retail outlet have all been found to be influential in

establishing patterns.

It would appear that the financial institution selection process has received relatively little attention in the literature, especially as related to the mobile consumer. The intense competition within and between the Banks, Credit Unions and Trust Companies would seem to indicate that a furtherance of knowledge about the customer and his relationship with a financial institution would be beneficial to both the customer and the institution that serves him. This study has been designed to focus specifically on Canadian financial institutions and on the long distance mobile customer.

CHAPTER III

RESEARCH DESIGN

The purpose of this chapter is to present the methodology utilized in designing the study and in analyzing the findings from the research. Specifically, this chapter will outline (1) the research design framework, (2) sample and interviewer selection procedures, (3) how subjects were contacted and the administrative procedures used, and (4) how data was collected and analyzed.

RESEARCH DESIGN FRAMEWORK

Identification of Variables

This study was designed to differentiate between the switcher and non-switcher clientele of Canadian financial institutions, as a mobile establishes a banking relationship in his new community. All newcomers interviewed in the research had completed a long distance move into the City of Edmonton.

The research design was confined to a specific investigation of (1) socio-economic characteristics of the switcher and non-switcher, (2) aspects of previous financial institution relationships of the switcher and non-switcher, (3) differences in patronage motive

influence between the switcher and non-switcher, and (4) the physical search process of the switcher and non-switcher.

Dependent Variables

There were two dependent variables in this study, which were based upon the following rationale. A respondent family unit was classified as either a switcher or non-switcher. The switcher family was one who changed financial institutions upon completion of a long distance geographic move. A switcher either (1) changed types of institutions, from a bank to a trust company or to a credit union, or (2) changed institutions within one type of financial institution, e.g. Bank of Montreal (old) to Royal Bank (new) or Montreal Trust (old) to City Savings & Trust (new). The non-switcher family did not change institutions; they opened their new account with another branch of their previous financial institution - e.g. Toronto-Dominion Bank (old) to Toronto-Dominion Bank (new), or Royal Trust (old) to Royal Trust (new). To be included in this study, mobile subjects had to meet two criteria: (1) they must have had an account at a Canadian financial institution at the previous address, and (2) they must have opened an account since their arrival at a

financial institution in the City of Edmonton.

While the rationale did exclude those who may have met one of the criteria but not both, it did provide a framework for the classification of mobiles as either (1) switchers or (2) non-switchers.

Independent Variables

The independent variables of the study were divided into four categories: (1) socio-economic factors, (2) previous banking relationships, (3) patronage motives, and (4) the physical search process.

The first group of independent variables investigated differences between switchers and non-switchers for the specific characteristics of (1) age of head of household, (2) income of family unit, (3) marital status of respondent, (4) occupation of head of household, (5) education of household head, and (6) previous home ownership.

The independent variables utilized to investigate the mobile switcher and non-switcher's relationship with a financial institution were (1) previous borrowing (a loan) from a financial institution not yet repaid at time of move, (2) previous borrowing (a loan) from a financial institution repaid prior to moving, (3) transfer of account arranged by previous financial institution

at old address, and (4) possession of a financial institution credit or identification card.

One of the aims of this study was to determine if there were differences in the patronage motives of switchers and non-switchers. Nine reasons for choosing a financial institution were used and subjects were asked to rank the reasons from one (highest importance) to nine (of least importance). The patronage motives used were: (1) closeness to home, (2) closeness to place of work, (3) hours of service, (4) friendliness of staff, (5) attractiveness of premises, (6) parking facilities, (7) integrity of the institution, (8) service charges, and (9) interest rates.

The physical search process used by the newcomer in selecting a financial institution was also investigated. Three independent variables: (1) most influential information source, (2) number of days spent searching for a financial institution, and (3) number of institutions visited before opening an account, were used to determine if differences in the search process existed between the switcher and non-switcher.

Hypotheses

The following null hypotheses were tested. In

all cases, financial institution selection was taken to mean whether a mobile family unit was classified as a "switcher" or a "non'switcher" at his new location.

1. The marital status of a new mobile will not be significantly related to financial institution selection.
2. The level of household income of a new mobile will not be significantly related to financial institution selection.
3. The age of the head of a mobile household will not be significantly related to financial institution selection.
4. The occupation of the head of household will not be significantly related to financial institution selection.
5. The education level of the head of a mobile household will not be significantly related to financial institution selection.
6. Home ownership (before arrival at new location) will not be significantly related to financial institution selection.
7. Monies previously borrowed from a financial institution and repaid prior to moving to the new location will not be significantly related to financial institution selection.

8. Monies borrowed prior to moving and not repaid at time of moving will not be significantly related to financial institution selection.

9. The holding of a financial institution identification or credit card will not be significantly related to financial institution selection.

10. The transfer of a previously operated deposit account by the financial institution concerned to a branch of the same financial institution at the new location will not be significantly related to financial institution selection.

11. In selecting a financial institution, switchers and non-switchers will not display significantly different preferences for the following patronage motives:
    (a) closeness to place of employment
    (b) closeness to home
    (c) hours of service provided
    (d) friendly and helpful staff
    (e) modern, attractive premises
    (f) parking facilities
    (g) service charges

(h) interest rates on deposits and/or loans

(i) integrity of the institution.

12. Switchers and non-switchers will not use significantly different information sources in selecting a financial institution.
13. Switchers and non-switchers will not spend a significantly different length of time searching for a financial institution.
14. Switchers and non-switchers will not differ significantly in the number of financial institutions visited before choosing one in which to open an account.

Questionnaire Objective

The objective of the questionnaire was to enable the researcher to classify a mobile family unit as either a switcher or non-switcher, and to investigate the mobile consumer's financial institution selection pattern. Specific questions were designed to obtain (1) socio-economic data, (2) details about a respondent's past relationship with his previous financial institution, (3) the importance of patronage motives to a respondent, and (4) information about the search process a mobile undertakes when choosing a financial institution.

SAMPLE SELECTION

Sample Source

An attempt was made to obtain a list of newcomers from the utility companies in the City of Edmonton. However, it is the policy of these companies to protect their clients confidentiality by not disclosing their subscriber lists to anyone.

The Edmonton area coordinator of a newcomer welcoming organization was approached to provide a source of names of newcomers. The area hostesses agreed to compile a list of newcomer families contacted during a one-month period, February 21 - March 20, 1972. The area coordinator specifically requested that the name of the organization not be disclosed. This was made a condition of obtaining the hostesses' cooperation.

The welcoming organization was unable to disclose their source of contacts, however, it was indicated that a number of sources are utilized in combination, among those being neighbors of newcomers, real estate and insurance salesmen, request cards left in hotel and motel rooms for newcomers, and partial lists from utility companies. It is recognized that not all newcomer families are contacted by the organization because of the rather random procedure used to obtain names of newcomers.

The area coordinator stated that 200 calls during the February-March month would be average - the highest percentage of calls are made in the summer months when more people are on the move. A list was obtained with 197 newcomer names, addresses, telephone numbers, and previous addresses.

A pre-test of the questionnaire and administration procedures was made prior to the start of the formal research project.

INTERVIEWER SELECTION AND PROCEDURES USED TO COLLECT DATA

Interviewer - Selection

Two female interviewers were selected and trained for purposes of this study. One of the interviewers had considerable experience in conducting administered questionnaires and consequently needed relatively little direction and guidance. The other interviewer was inexperienced. Both were given a two-hour training session to outline the purposes of this study and to become familiar with the questionnaire. The author accompanied the inexperienced interviewer to the residences of the first five respondents contacted. No difficulty in administering the questionnaire was being experienced by the interviewer so she was then directed to continue with the interviews on her

own.

Contacting Sample Families

The universe of mobile families upon which this study was based contained 197 long distance mobile families who had moved into the City of Edmonton from a previous Canadian address during the six-month period October 1971 to March 1972 inclusive. The objective of this research was to contact all of these families and ask for their cooperation in the study. Newcomers moving to Edmonton from outside Canada were excluded from the study because they could not meet the criteria of having had a previous account with a Canadian financial institution. Newcomers to the satellite communities of Sherwood Park and St. Albert were not included because of the extremely limited choice of financial institutions in those centers. Perusal of the initial list of 197 families revealed that 12 families had moved from an address outside of Canada. The final study results were based on usable responses from 77 or 41.6 per cent of the 185 families available for this research study.

An attempt was made to reach 185 families by telephone. One hundred forty-three of the families answered the telephone and talked to the interviewer, with 42 either not answering or the interviewer discovered that the telephone number provided was no longer in service. A check

was made with the information operator to ascertain whether a new listing had been recorded. A minimum of four attempts were made to contact each subject. The calls were scattered over more than one day, with two attempts being made in the morning, the third attempt in the afternoon, and the fourth attempt made during an evening period. The interviewers were permitted to arrange their own scheduling to minimize driving time between contacts.

Of the 143 mobiles contacted, 104 or 72.7 per cent agreed to participate in the research, with 39 or 27.3 per cent refusing to cooperate. The interviewers encountered twelve subjects who had agreed to participate but were not at home at the scheduled interview time. Attempts to reschedule the appointments did not prove to be successful. Of the 92 questionnaires completed, 12 failed to meet one of the criteria, and 3 were not considered useable because the respondents were bank employees, and would thus be biased toward a non-switcher classification. The final data source was comprised of 77 useable questionnaires.

Administrative Procedures

Upon the completion of each telephone call, the telephone interviewer recorded the outcome of the call

on a special record sheet designed to maintain a record of contacts and non-contacts. Whenever a subject agreed to participate, the date, time and driving directions were recorded on the sheet. Both interviewers were instructed to immediately telephone a subject if a change in schedule prevented the interviewer from reaching a designated home for a scheduled appointment. Interviewers were also instructed to use their discretion in solving individual problems, but to contact the researcher or his faculty advisor should any problem pose particular difficulty. It was also suggested that the telephone numbers of the researcher and advisor be given to the respondent, if they should have any questions which the interviewer could not answer (e.g. questions as to the source of subjects' names or validity of the study). The procedure of using a female interviewer to make telephone and personal contacts was utilized because a similar study had found people responded better to a female researcher than to a male.[68]

Data Collection

The research results were obtained through completion of administered questionnaires. All interviews

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[68]Bell, Jr., Op.cit., p. 67.

were completed in the homes of respondents and took an average of twenty-five minutes to complete. The interviews were conducted during the period April 27 to May 12, 1972.

Appendix A contains the telephone format used by the interviewers, and a copy of the letter of introduction given to each respondent is shown in Appendix B. The questions used to collect the data for this study were included as part of a larger research project being conducted by the advisor. Part II of the questionnaire (see Appendix C) was designed specifically for the present study, as were questions 6, 7, 8, 14, 16, 17, 18, and 19 of Part I. Appendix D is a copy of the letter which was left by the interviewer if the respondent being interviewed stated that his or her spouse had chosen the financial institution. A stamped, self-addressed envelope was provided to facilitate completion of the questionnaire. Only six questionnaires needed to be answered in this manner, of which three were eventually completed and returned to the researcher.

Telephone call backs were conducted for ten of the questionnaires to ensure that the interview had actually been completed.

ANALYSIS OF DATA

Data Preparation and Computer Programming

Following the completion of the data collection, the responses received to all questionnaires were coded and placed on computer cards for computer analysis. A complete record was made of the coding used in each card column.

The analysis stage was confined to the data pertaining to the hypotheses proposed. Frequency distributions were secured on the basic data pertaining to each question on the questionnaire. Categories were established for use in testing the specific hypotheses and in providing direction to answer the research questions.

The specific statistical technique utilized was a chi-square test for significance, with Yates correctional factor for continuity where theoretical frequencies for any one cell were less than five. A program from the Statistical Package For the Social Sciences (SPSS) was used for analysis of the data, utilizing the University of Alberta IBM 360/67 computer.[69] From the computer program, tables were created and printed out for all hypotheses. The program provided the following

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[69]Norman H. Nie, Dale H. Bent and C. Hadlai Hull, Statistical Package for the Social Sciences (New York: McGraw-Hill Book Company, 1970).

information for each table:

1. observed frequency for each cell
2. cell percentage of row frequencies
3. cell percentage of column frequencies
4. cell percentage of total frequencies
5. cell chi-square value with degrees of freedom. Yates correctional factor for continuity was utilized where necessary.

The chi-square value developed for each table was then compared to a table of critical values of chi square.[70] A 95 per cent level of confidence was used as the basis for accepting or rejecting the null hypotheses.

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[70]Sidney Siegel, Nonparametric Statistics for the Behavioral Sciences (New York: McGraw-Hill Book Company, Inc., 1956), p. 249.

CHAPTER IV

FINDINGS OF THE STUDY

Data concerning the 77 useable questionnaires collected are examined and discussed in Chapter IV. The research findings are organized into four sections. The first section presents the findings pertaining to the socio-economic characteristics of the subjects. Section two presents the research regarding a mobile's past experience with a financial institution. The third and fourth sections respectively present the findings concerning (1) mobile financial institution patronage motives, and (2) a newcomer's physical search process. Tables reporting the findings are included in the text of this chapter.

FINDINGS RELATED TO SOCIO-ECONOMIC CHARACTERISTICS

The first six hypotheses were formulated to test for differences between the socio-economic characteristics of switchers and non-switchers. The chi-square values for each hypothesis were not sufficient to reject any of the null hypotheses at the 95 per cent level, indicating that individual socio-economic characteristics do not distinguish between the switcher and non-switcher. (see table 4-1 following)

TABLE 4-1

SUMMARY OF FINDINGS PERTAINING TO

THE SOCIO ECONOMIC CHARACTERISTICS

OF MOBILE SWITCHERS AND NON-SWITCHERS

CHARACTERISTICS	SWITCHER N	%	NON-SWITCHER N	%	PRESENTATION OF STATISTICAL FINDINGS
MARITAL STATUS					Significant at .95 level
Single	2	6.9	5	10.4	chi-square value (x^2) .01245
Married	27	93.1	43	89.6	degrees of freedom (df): 1
Total	29	100.	48	100.	
HOUSEHOLD INCOME					Significant at .50 level
$0 - $ 5,000	3	10.3	8	16.7	
5 - 10,000	14	48.3	15	31.3	x^2: 2.328
Over 10,000	12	41.4	25	52.1	df: 2
Total	29	100.	48	100.	
AGE OF HEAD					Significant at .70 level
15 - 24	3	10.3	6	12.5	
25 - 34	17	58.6	22	45.8	x^2: 2.485
35 - 44	5	17.2	10	20.8	df: 4
45 - 54	1	3.4	6	12.5	
55 or over	3	10.3	4	8.3	
Total	29	100.	48	100.	

TABLE 4-1 - Continued

SUMMARY OF FINDINGS PERTAINING TO

THE SOCIO ECONOMIC CHARACTERISTICS

OF MOBILE SWITCHERS AND NON-SWITCHERS

CHARACTERISTICS	SWITCHER N	%	NON-SWITCHER N	%	PRESENTATION OF STATISTICAL FINDINGS
OCCUPATION					Significant at .20 level
Professional	3	10.3	11	22.9	
Managerial	9	31.0	17	35.4	x^2: 7.122
Clerical	7	24.1	6	12.5	df: 4
Skilled	4	13.8	11	23.9	
Semi/unskilled	6	20.7	3	6.2	
Total	29	100.	48	100.	
EDUCATION					Significant at .20 level
High School or Less	21	72.4	24	50.0	x^2: 4.575
Some Post-Secondary	5	17.2	10	20.8	df: 2
University Degree	3	10.3	14	29.2	
Total	29	100.	48	100.	
HOME OWNERSHIP					Not significant
Yes	10	34.5	18	37.5	x^2: .000
No	19	65.5	30	62.5	df: 1
Total	29	100.	48	100.	

Hypothesis 1

> The marital status of a new mobile will not be significantly related to financial institution selection.

The independent variable of marital status was compacted for analytical purposes from five categories into two categories, married or single. Those classified as single included subjects who indicated they were single, divorced, separated, or widowed. It must be recognized that the sample source included a degree of bias because the welcoming organization primarily contacts the married, or family newcomers. In the sample, only 7 out of 77 mobiles were classified as single. The null hypothesis was accepted.

Hypothesis 2

> The level of household income of a new mobile will not be significantly related to financial institution selection.

The research findings did not permit the rejection of this null hypothesis. Thus the amount of money a mobile family earns does not affect whether a mobile switches or not when he changes address.

Hypothesis 3

> The age of the head of a mobile household will not be significantly related to financial institution selection.

The age of the head of a mobile household was only significant at the 30 per cent level. Although the

null hypothesis was accepted, the data in table 4-1 would seem to display a slight tendency for younger mobiles to become switchers and for older mobiles to remain non-switchers.

Hypothesis 4

> The occupation of the head of a mobile household will not be significantly related to financial institution selection.

The occupation of the head of the household was significant at the 80 per cent confidence level, which was not sufficient to reject the null hypothesis. It would seem from table 4-1 that clerical and semi-skilled or unskilled occupational groupings are inclined to become switchers. Similarly, those mobiles in the professional and semi-professional occupations would seem to be less inclined to switch relationships when undertaking a long distance move.

Hypothesis 5

> The education level of the head of a mobile household will not be significantly related to financial institution selection.

The education of the head of a mobile household was also significant at the 80 per cent level. Examination of table 4-1 indicates that mobiles who have a high school diploma or less are more inclined to become switchers. (72.4 per cent of the switchers, 50 per cent

of the non-switchers). A larger number of the university graduates preferred not to disrupt their financial institution relationships and remained non-switchers.

Hypothesis 6

> Home ownership (before arrival at the new location) will not be significantly related to financial institution selection.

Previous home ownership, as an independent variable, had absolutely no relationship to whether the mobile consumer is classified as a financial institution switcher or non-switcher when he arrives in the new community. The null hypothesis was accepted.

FINDINGS RELATED TO PAST RELATIONSHIP WITH A FINANCIAL INSTITUTION

Hypotheses seven to ten inclusive were designed to test differences between switchers and non-switchers in their previous financial institution relationships. The relationships investigated were (1) previous borrowings, (2) credit or identification card ownership, and (3) transfer of a mobile's account by his previous financial institution.

TABLE 4-2

SUMMARY OF FINDINGS PERTAINING

TO THE PAST RELATIONSHIPS SWITCHERS AND

NON-SWITCHERS HAD WITH A FINANCIAL INSTITUTION

RELATIONSHIP	SWITCHER N	SWITCHER %	NON-SWITCHER N	NON-SWITCHER %	PRESENTATION OF STATISTICS
PREVIOUS BORROWINGS					Significant at .95 level
Repaid	12	66.7	25	69.4	chi square value (x^2): 0.011
Not Repaid	6	33.3	11	30.4	degrees of freedom (df): 1
Total	18	100.	36	100.	
CARD HOLDER					Significant at .30 level
Yes	8	24.1	20	41.6	x^2: 1.195
No	21	75.9	28	58.4	df: 1
Total	29	100.	48	100.	
TRANSFER OF ACCOUNT					Significant at .001 level
Yes	3	10.3	31	64.6	x^2: 19.424
No	26	89.7	17	35.4	df: 1
Total	29	100.	48	100.	

Hypothesis 7 & 8

> 7. Monies previously borrowed from a financial institution and repaid prior to moving to the new location will not be significantly related to financial institution selection.
>
> 8. Monies borrowed prior to moving and not repaid at time of moving will not be significantly related to financial institution selection.

The figures in Table 4-2 indicate that there is no evidence that previous borrowings, whether repaid or not, affect financial institution selection. It could be that mobiles do not consider loans to be related to where a deposit account is maintained.

Hypothesis 9

> The holding of a financial institution identification or credit card will not be significantly related to financial institution selection.

Although the research findings were not sufficient to reject the null hypothesis, it would seem from the small sample of mobiles surveyed who carried credit or identification cards, that the granting of cards by an institution may help to strengthen the institution-customer relationship. Forty-two per cent of the non-switchers possessed credit or identification cards from their previous financial institution, with only 24 per cent of the switchers owning cards.

Hypothesis 10

> The transfer of a previously operated deposit account by the financial institution concerned to a branch of the same institution at the new location will not be significantly related to financial institution selection.

The chi-square value for this hypothesis was sufficient to reject the null hypothesis at the 95 per cent confidence level. This implies that mobiles are more likely to remain non-switchers if the financial institution at the old address arranges a transfer of the customer's account(s) to a branch in the new community. Of the mobiles who had indicated that they had switched institutions, 26 or 89.7 per cent had not had their accounts transferred by the institution. Only 17 or 35.4 per cent of the non-switchers had not had their account transferred. A relatively small percentage (10.3%) of the switchers still changed institutions after having their old financial institution arrange a transfer of account(s). Of the mobiles whose accounts were transferred, 91 per cent were classified as non-switchers, only 9 per cent as switchers.

FINDINGS RELATED TO THE PATRONAGE MOTIVES OF MOBILES

Hypothesis 11 was designed to test for differences between the patronage motives of the switcher

and the non-switchers. Respondents were asked to rank nine reasons for choosing a financial institution on a nine point scale. Responses were then grouped into high, medium, and low for both switchers and non-switchers. A ranking of 1, 2 or 3 was rated as high, a 4, 5 or 6 as medium, and a 7, 8 or 9 as low. Table 4-3 presents the findings. Hypothesis 11 was accepted.

Hypothesis 11

> In selecting a financial institution, switchers and non-switchers will not display significantly different preferences for the following patronage motives:
>
> a. closeness to place of employment
> b. closeness to home
> c. hours of service provided
> d. friendly and helpful staff
> e. modern, attractive premises
> f. parking facilities
> g. service charges
> h. interest rates on deposits and/or loans
> i. integrity of the institution.

Closeness to place of employment, closeness to home, and hours of service provided were only significant at very low levels of confidence. (see table 4-3). Although the findings did not reject the null hypotheses (11a, 11b, 11c), table 4-3 does show that nearly 61 per cent of the switchers and 70 per cent of the non-switchers ranked convenience to home as high or medium, thus emphasizing the role "convenience" plays in selecting a financial institution.

TABLE 4-3

SUMMARY OF FINDINGS PERTAINING

TO THE PATRONAGE MOTIVES OF

SWITCHER AND NON-SWITCHER MOBILES

MOTIVE	SWITCHER		NON-SWITCHER		PRESENTATION OF STATISTICAL FINDINGS
	N	%	N	%	
CLOSE TO WORK					Significant at .90 level.
High	12	44.4	19	41.3	chi-square value (x^2): 0.253
Med.	2	7.4	5	10.9	degrees of freedom (df): 2
Low	13	48.1	22	47.8	
Total	27	100.	46	100.	
CLOSE TO HOME					Significant at .70 level.
High	14	50.	29	61.7	x^2: 0.985
Med.	3	10.7	4	8.5	df: 2
Low	11	39.3	14	29.8	
Total	28	100.	47	100.	
HOURS OF SERVICE					Significant at .80 level
High	11	40.7	19	41.3	x^2: 0.667
Med.	12	44.4	17	37.0	df: 2
Low	4	14.8	10	21.7	
Total	27	100.	46	100.	
FRIENDLINESS					Significant at .15 level
High	12	44.4	32	69.6	x^2: 4.498
Med.	11	40.7	10	21.7	df: 2
Low	4	14.8	4	8.7	
Total	27	100.	46	100.	

TABLE 4-3 - Continued

SUMMARY OF FINDINGS PERTAINING

TO THE PATRONAGE MOTIVES OF

SWITCHER AND NON-SWITCHER MOBILES

MOTIVE	SWITCHER N	SWITCHER %	NON-SWITCHER N	NON-SWITCHER %	PRESENTATION OF STATISTICAL FINDINGS
MODERN PREMISES					Significant at .98 level
High	1	3.4	2	4.3	x^2: 0.092
Med.	9	31.0	13	28.3	df: 2
Low	19	65.5	31	67.4	
Total	29	100.	46	100.	
PARKING					Significant at .70 level
High	6	23.1	7	15.2	x^2: 1.113
Med.	10	38.5	16	34.8	df: 2
Low	10	38.5	23	50.0	
Total	26	100.	46	100.	
SERVICE CHARGES					Significant at .70 level
High	5	19.2	5	11.1	x^2: 1.371
Med.	15	57.7	25	55.6	df: 2
Low	6	23.1	15	33.3	
Total	26	100.	45	100.	
INTEREST RATES					Significant at .30 level
High	12	46.2	13	28.3	x^2: 2.650
Med.	9	34.6	24	52.2	df: 2
Low	5	19.2	9	19.6	
Total	26	100.	46	100.	

TABLE 4-3 - Continued

SUMMARY OF FINDINGS PERTAINING

TO THE PATRONAGE MOTIVES OF

SWITCHER AND NON-SWITCHER MOBILES

MOTIVE	SWITCHER N	SWITCHER %	NON-SWITCHER N	NON-SWITCHER %	PRESENTATION OF STATISTICAL FINDINGS
INTEGRITY					Significant at .10 level
High	10	37.0	16	34.8	x^2: 4.741
Med.	7	25.9	22	47.8	df: 2
Low	10	37.0	8	17.4	
Total	27	100.	46	100.	

The difference between switchers and non-switchers in ranking friendliness (hypothesis 11d) as a reason for choosing financial institutions was significant at the 85 per cent level. Nearly 70 per cent of the non-switchers ranked "friendliness" high, as compared to only 44 per cent of the switchers. This finding indicates that the non-switcher may be a customer that values the personal relationship built up by continually dealing with the same financial institution.

Modern premises apparently have relatively little influence in selecting a financial institution for both switchers and non-switchers. Over 65 per cent of all respondents ranked this motive as low. This would seem to contradict the findings of Martineau cited earlier, although he was only investigating the features of Savings and Loan Associations.[71]

Parking facilities and consideration of service charges were also given relatively low rankings by both classes of mobiles, with the majority of subjects ranking these two motives as being of medium or low importance.

Consideration of interest rates as a patronage

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[71]Martineau, "The Changing American Consumer," pp. 28-30.

motive was ranked high by 12 of the 26 switchers, and by only 13 of the 46 non-switchers. From this finding, it might be inferred that switchers could be changing institutions because of some previous dissatisfaction over interest rates at their former institution, or because they think a competitor will offer them a "better deal."[72]

Integrity of the institution as a patronage motive was significant at the 90 per cent level, but did not permit rejection of the null hypothesis. Examination of table 4-3, however, indicates that 82.6 per cent of non-switchers gave a high or medium ranking to this patronage motive. Only 62.9 per cent of the switchers used the same ranking.

FINDINGS RELATED TO THE MOBILE'S PHYSICAL SEARCH FOR A FINANCIAL INSTITUTION

Three hypotheses were designed to test (1) who

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[72]The researcher's observations based on twelve years of experience with a chartered bank tend to support this premise. Although rates are, for the most part, competitive and identical between banks, managers do have a small margin of discretion (up to 1%) in the granting of personal loans. This discretion is sometimes used as a bargaining point in attempting to attract new customers. The unfortunate aspect is that the "bargain rate," if accepted is usually later raised to normal or standard rates charged to the majority.

or what influenced a mobile's choice of financial institution, (2) the number of days spent searching for a financial institution, and (3) the number of institutions visited before one was selected. Table 4-4 presents the research findings.

Hypothesis 12

> Switchers and non-switchers will not use significantly different information sources in selecting a financial institution.

Research findings concerning the information source most influential in selecting a financial institution were significant at the 99.9 per cent level of confidence, thus permitting a rejection of the null hypothesis. Table 4-4 displays that nearly 88 per cent of the mobile non-switchers listed "previous satisfaction with firm" as the most influential information source. Switchers seemed to use "fellow workers" as an information source considerably more than non-switchers (17.2 per cent as compared to 2.1 per cent), "other" sources were listed as the primary source by 48.3 per cent of the switchers. Ten of the 14 switchers who selected "other" sources mentioned "convenience" or "close to home" as factors influencing their selection of a financial institution. "Previous satisfaction with the firm" was chosen by 8 of the 29 switchers. This would indicate that some mobiles will return to a

TABLE 4-4

SUMMARY OF FINDINGS PERTAINING TO THE

PHYSICAL SEARCH PROCESS USED BY

MOBILE CONSUMERS IN SELECTING A

FINANCIAL INSTITUTION

SOURCE	SWITCHER N	SWITCHER %	NON-SWITCHER N	NON-SWITCHER %	STATISTICS
INFORMATION SOURCE					Significant at .001 level
Friend	2	6.9	1	2.1	chi-square value (x^2): 34.534
Co-Worker	5	17.2	1	2.1	degrees of freedom (df): 4
Advertisement	0	0.0	2	4.2	
Previous Satisfaction	8	27.6	42	87.5	
Other	14	48.3	2	4.2	
Total	29	100.	48	100.	
TIME SPENT SEARCHING					Significant at .80 level
One day or Less	27	93.1	45	93.8	x^2: 0.134
Two or More	2	6.9	3	6.2	df: 1
Total	29	100.	48	100.	
NUMBER OFFICES VISITED					Significant at .10 level
One	23	79.3	46	95.8	x^2: 3.675
Two or More	6	20.7	2	4.2	df: 1
Total	29	100.	48	100.	

branch of a financial institution that they dealt with at some earlier time.

Hypothesis 13

> Switchers and non-switchers will not spend a significantly different length of time searching for a financial institution.

Differences between the switcher and the non-switcher were not sufficient to reject the null hypothesis. Ninety-three per cent of all mobiles interviewed spent one day or less searching for a financial institution in which to open their account.

Hypothesis 14

> Switchers and non-switchers will not differ significantly in the number of financial institutions visited before choosing one in which to open an account.

Although not sufficient to reject this null hypothesis at the 95 per cent level, the findings were significant at approximately the 94 per cent level. From table 4-4, it is indicated that 20.7 per cent of the switchers did visit more than one financial institution office; only 4.2 per cent of the non-switchers visited other institutions before deciding to continue their previous banking relationship. Almost ninety per cent of the mobile consumers in the sample visited only one financial institution. James Bell also

found that the long distance mobile visits only one financial institution before opening an account.[73]

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[73]Bell, "An Analysis of the Decision Process Utilized By Long Distance Mobile Families in Selecting New Sources of Supply for Goods & Services," p. 76.

CHAPTER V

SUMMARY AND CONCLUSIONS

The purpose of this chapter is to present the conclusions and implications of the research. The chapter is divided into five sections. Section one contains a brief restatement of the problem. The second section is devoted to a summary of findings pertaining to the research hypotheses. The third section outlines the implications from the research for financial institution marketers and the fourth section gives the limitations of the study. In the final section recommendations for further investigations pertaining to the research topic are suggested.

RESTATEMENT OF THE PROBLEM

This study was fundamentally concerned with the long distance mobile consumer and factors influencing his choice of financial institution when relocating in a new community. The mobiles in the study, after opening an account in Edmonton, were classified as switchers or non-switchers, depending on whether or not they continued to patronize their former financial institution.

Chi-square was used for analysis of the data, and the .05 level of confidence was established as the

criterion for significance. Four general categories of investigation were used to formulate research hypotheses to test for differences between the switchers and non-switchers. These categories were (1) socio-economic characteristics, (2) past relationships with a financial institution, (3) patronage motives and (4) the physical search process used by the mobile.

SUMMARY OF FINDINGS

Data obtained for two of the above categories, socio-economic characteristics and patronage motives, were not found to be significant for the purpose of distinguishing between switchers and non-switchers. However, statistically significant results were obtained for one factor in each of the other two categories: (1) past relationships, and (2) the physical search process.

In the category of previous financial institution relationships, it was found that the transfer of account by a mobile's previous institution significantly affected whether or not he changed institutions. The findings indicated that the majority of non-switchers had had their accounts transferred by their previous financial institution. Ninety per cent of the switchers stated that their accounts had not been transferred and

over half responded that a staff member at their old institution knew they were moving.

In the fourth category, which was concerned with a mobile's physical search process, the information source used by the mobile was significant in distinguishing between switchers and non-switchers. Approximately 90 per cent of the non-switchers cited "previous satisfaction with the firm" as the single most important reason for maintaining an account at the same institution. The majority of switchers listed such factors as "advice of friends or co-workers" and "other reasons" as important factors influencing their choice of financial institution. Of the 14 switchers who stated that "other reasons" influenced their choice, 10 listed convenience as the reason a particular branch of an institution was selected. This finding tends to support Bell's conclusion that recommendation and prior experience are important in determining a choice of financial institution.[74]

IMPLICATIONS OF THE RESEARCH

The findings of this study point to the need

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[74]Bell, Ibid., p. 131.

for financial institutions to give attention to two major areas when designing marketing strategies. First, it is important that they arrange account transfers for customers who are about to move to another city. Secondly, since "previous satisfaction" is a very influential information source, it is necessary that they ensure customer satisfaction in every possible area. There are a number of specific measures that could be taken to accomplish these purposes.

In Chapter I it was shown that there are a large number of financial institution offices in Canada, with the chartered banks in particular having representation in all urban and rural areas. Although the Credit Unions and Trust Companies do not have branches in all urban centers, a network of "correspondent branches" using competitors in the cities where a particular institution does not have their own branch office could be established. An agreement of this type would be of a reciprocal nature, and could result in better service to a particular mobile should he choose to live where his present institution is not represented. Real estate companies use this system, and chartered banks have correspondents in nearly all countries of the world to serve their customers who move outside of Canada.

From the two highly significant findings of this

study, the following "plan of action" is proposed for the benefit of those financial institutions who wish to increase their share of the market:

1. Recognize the need for special attention for the mobile segment of the population. All customers are potential mobiles.
2. Formulate procedural guidelines for organization personnel to follow when serving the mobile customer.
3. Design and conduct an on-going training program for organization personnel to emphasize the importance of a customer's patronage to the institution, and to inform personnel about the procedural guidelines. This training program should include instruction as to how to recognize and use visual and verbal cues that may warn the institution that a customer is about to move. For example, real estate cheques, company travel advance vouchers, and a customer's casual conversation frequently can provide such cues.
4. Create and implement an on-going advertising and promotional program to educate the customer as to what the institution has to

offer if a customer is faced with a move.

5. Consider the development of an employee incentive or bonus plan for those personnel who take the initiative to ensure the customer is not lost to a competitor.
6. Continue with present programs to provide for improvement in the quality of service accorded to the customer.

In summary, this study indicates the need for financial institutions to be constantly aware of and make provision for the needs and problems of the mobile consumer. By so doing, financial institutions might improve their competitive position and thus increase their share of the market.

LIMITATIONS OF THE STUDY

The limitations of this research are as follows:

1. The study was confined geographically to the Edmonton area. Only families moving into the area during six consecutive months, October 1971 through April 1972 were included in the sample.
2. All families included in the sample were obtained from a list of names maintained by a local welcoming organization. A

certain amount of bias must be considered to be included in the data source due to the selectivity of the welcoming organization. The question arises as to the thoroughness of the sample. For example, relatively few single people were included in the list of names provided to the researcher.

3. The data obtained because they were collected during an "off-season" for mobiles may not be totally representative of the normal or average mobile population.[75]
4. The answers received to the questionnaire were dependent upon the recall ability of the respondent. The research should be evaluated in light of the fact that only one visit was made per household.
5. Those subjects who refused to participate may have characteristics that would change the findings of this study.

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[75]An executive of a local moving firm representing a national organization stated that between 45 - 50 per cent of all long distance moves are undertaken during the months of June, July and August.

SUGGESTIONS FOR FURTHER RESEARCH

This study yielded two significant differences between long distance mobile switchers and non-switchers. More information about financial institution switchers and non-switchers might be obtained by using different approaches to the problem. Alternate approaches might involve:

1. a much larger sample than that used in the present study, with data collected over a longer period of time. Discriminant analysis might be used with a view to building a switcher and non-switcher profile.
2. an in-depth investigation into customer satisfaction and dissatisfaction to determine if there are underlying reasons for switching or not switching institutions and to compile a list of dissatisfactions that could be useful to financial institution marketers.
3. a study to determine if there are differences between the mobile switcher and the non-mobile switcher. Such an investigation might look at the reasons for switching.

4. a study to determine if there are differences between long distance and short distance mobiles. The problems and needs of these two classifications of consumer may not be the same.

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APPENDICES

APPENDIX A

Format Used by Female Telephone Interviewer

Good morning, Mrs. Smith:

This is Jacqueline Worthington calling for the Faculty of Business at the University. Dr. Paul Hugstad, a professor in the marketing department, and a graduate student are conducting a study on shopping habits of newcomers to Edmonton.

We are calling you because we would like to include your family in our study. The study is not very long and would only take about 25 minutes of your time. Is there a time this week when it would be convenient for me to call on you?

APPENDIX B - LETTER OF INTRODUCTION TO NEWCOMER

Dear Newcomer:

This letter will serve to introduce you to Mrs. Jean Bosworth, an interviewer with the Mobile Consumer Research Study being conducted by Allan Platt, a graduate student, and Dr. Paul Hugstad, Professor of Marketing at the University of Alberta.

Mrs. Bosworth will ask you a number of questions on your shopping habits since moving to this area. All of your answers will be held in strict confidence.

If you have any questions concerning this study, you may contact either of us at the following telephone numbers:

Allan Platt	Dr. Paul Hugstad
435-1449	432-5778
Research Director	Faculty Advisor

Thank you in advance for your anticipated cooperation.

_____ _____

Allan Platt Dr. Paul Hugstad

APPENDIX C - QUESTIONNAIRE

QUESTIONNAIRE

MOBILE CONSUMER RESEARCH STUDY

DEPARTMENT OF MARKETING, FACULTY OF BUSINESS ADMINISTRATION

UNIVERSITY OF ALBERTA

EDMONTON

Residence of _____

Person interviewed _____

Address _____

Phone number _____

Date of Personal Interview _____ Time _____ to ____

PART I

SUPERMARKETS

1. After moving to this area, in which local supermarket did your family purchase its first major order (the majority of items your family buys each week)? _____

2. How did your family learn about this particular supermarket? (Circle the answer if given, otherwise write in the answer.)

   (a) One answer allowed

   1. Drove by the store
   2. Friend or neighbor
   3. Newspaper advertising
   4. Other _____

   (b) For what reason(s) did your family choose this particular supermarket to do its first major supermarket shopping in after arriving here? (More than one choice permitted.)

   1. Low prices
   2. Close to home
   3. Variety
   4. Quality of products
   5. Familiar brands
   6. Service
   7. Other reasons _____

   _____

3. Now that you have been in this area a number of weeks, has your family selected a favorite supermarket or markets to do most of its food shopping in?

   Yes ☐ Name of store _____

   No ☐

4. How did your family learn about this favorite supermarket? (Circle answer.)

   (a) One answer allowed

   1. Drove by the store
   2. Friend or neighbor
   3. Newspaper advertising
   4. Other _____

   (b) For what reason(s) did your family choose this favorite supermarket to do its shopping? (More than one choice permitted.)

   1. Low prices
   2. Close to home
   3. Variety
   4. Quality of products
   5. Familiar brands
   6. Service
   7. Other reason _____

5. Which supermarkets did your family shop at before your family settled down to the stores you listed? (Circle answer.)

   1. Safeway 2. Woodwards 3. I.G.A.
   4. L-Mart 5. Economart 6. 7-11 Store
   7. Q-Mart 8. Other _____

6. How many weeks had your family been here when it selected its favorite supermarket(s)? _____ weeks.

CLOTHING

1. Have you purchased a dress or suit since moving into this area? Yes ☐ No ☐

2. From which store was your first local purchase of this type made? _____

   (a) How did you learn about this store?

   _____

   (b) For what reasons did you purchase the item at this particular store?

   _____

(c) How many shops or stores did you visit before making this first purchase? _____ stores.

(d) How many weeks had you been in this area when the first purchase of this type was made? _____ weeks.

(e) Did you make use of a charge account when purchasing this item? Yes ☐ No ☐

3. Has your husband purchased or received as a family gift a suit or sport coat since moving to this area? (If Yes, answer question 4, if No, skip to next section.) Yes ☐ No ☐

4. From which store was your family's first local purchase of this type made? _____

(a) How did your family learn about this store?

_____

(b) For what reasons did your family purchase the item at this particular store?

_____

(c) How many shops or stores did your family visit before making this first purchase? _____ stores.

(d) How many weeks had your family been in this area when the first purchase of this type was made? _____ weeks.

(e) Did your family make use of a charge account when purchasing this item? Yes ☐ No ☐

PERSONAL DATA

1. Would you please list below any charge accounts that were transferred from your old address to stores in Edmonton.

Name of Charge Account	Does the family use the account regularly?	
	Yes	No
1.		
2.		
3.		
4.		

2. Did your family have a Chargex card before moving here? Yes ☐ No ☐

3. Does your family now have a Chargex card?

Yes ☐ No ☐

4. Would you please list any new charge accounts opened by your family since moving to Edmonton.

Name of Store	Number of weeks after arrival in Edmonton when account was opened
1.	
2.	
3.	
4.	

5. Has your family been invited to open any charge accounts since moving to this community?

Yes ☐ No ☐

(If Yes, please list stores.)

1. _____
2. _____
3. _____

6. When did you arrive in Edmonton?

_____ day _____ month _____ year

7. Where did your family live before moving to Edmonton?

_____ City or Town _____ Province

8. Did you own your home in the city/town from which you moved?

Yes ☐ No ☐

9. Do you work, for pay, outside your home?

No ☐, Yes, part time ☐, Yes, full time ☐

If Yes, what type of work do you do?

_____

10. If you work, what is your annual income? (Circle answer.)

1. 0 - $ 3,000
2. $ 3,001 - $ 5,000
3. $ 5,001 - $10,000
4. $10,001 or more.

11. How many children do you have living at home?

a) None _____
b) Number of children 0 - 5 years _____
c) Number of children 6 - 18 years _____
d) Number of children 19 & over _____

12. Including the move which brought your family to this address, how many times has your family made a move of over 50 miles in the past 10 years? _____

13. Is there an automobile available for your use during the time your husband is away from home?

Yes ☐ No ☐

14. What is your marital status?

a) single b) married c) divorced d) widow

e) separated

15. How many years have you and your husband been married to each other?

a) less than 5 years
b) 6 to 10 years
c) over 10 years.

16. What is the occupation of your husband? (Kind of work he does - such as carpenter, sales manager, or school teacher.)

_____

17. What level of formal education do you and your husband have? (e.g. grade 9, trade school, university degree, etc.

Husband _____ Wife _____

18. What is your husband's age? (Circle answer.)

a) 15 - 24; b) 25 - 34; c) 35 - 44; d) 45 - 54;

e) 55 - 64; f) 65 and older

19. What is your approximate total household income? (Circle answer.)

1. 0 - $ 3,000
2. $ 3,001 - $ 5,000
3. $ 5,001 - $10,000
4. $10,001 and over

DECISION MAKING

In the following chart please place a check (✓) in the appropriate boxes to indicate whether selecting each of the listed suppliers was a decision made by you, your husband, or made jointly.

Supplier Selected	Person Making the Decision		
	Wife	Husband	Wife & Husband Jointly
Supermarkets			
1st Store	☐	☐	☐
Favorite Store	☐	☐	☐
Financial Institutions			
Bank	☐	☐	☐
Credit Union	☐	☐	☐
Trust Company	☐	☐	☐
Women's Clothing			
1st Store	☐	☐	☐
Favorite Store	☐	☐	☐
Men's Clothing			
1st Store	☐	☐	☐
Favorite Store	☐	☐	☐

PART II

In this section are a number of questions about financial institutions (Banks, Credit Unions and Trust Companies). You will not in any way be asked for specific figures. The questions will only be concerned with the experiences and feelings you may have had in regard to financial institutions. I am interested in learning if financial institutions are doing all they can to meet the needs of their customers who move from one address to another.

This section should be answered by the person who selected the financial institution in which to open the family's first Edmonton account.

DECISION MAKING

If you have already completed a section on "Decision Making", don't bother to answer this page.

In the following chart please place a check (/) in the appropriate boxes to indicate whether selecting each of the listed suppliers was a decision made by you, your wife, or made jointly.

Supplier Selected	Person Making the Decision		
	Wife	Husband	Wife & Husband Jointly
Supermarkets			
1st Store	☐	☐	☐
Favorite Store	☐	☐	☐
Financial Institutions			
Bank	☐	☐	☐
Credit Union	☐	☐	☐
Trust Company	☐	☐	☐
Women's Clothing			
1st Store	☐	☐	☐
Favorite Store	☐	☐	☐
Men's Clothing			
1st Store	☐	☐	☐
Favorite Store	☐	☐	☐

FINANCIAL INSTITUTIONS

(Banks, Credit Unions and Trust Companies)

1. Did you have an account at any of the following financial institutions at the city or town where you last moved from? (Please list name of firm, e.g. Royal Bank, Montreal Trust, but do not list the branch address.)

   Bank Yes ☐ No ☐ Name _____

   Credit Union Yes ☐ No ☐ Name _____

   Trust Company Yes ☐ No ☐ Name _____

2. Did any of the above financial institutions arrange for a transfer of your account(s) to one of their branch offices in Edmonton?

   Bank Yes ☐ No ☐

   Credit Union Yes ☐ No ☐

   Trust Company Yes ☐ No ☐

3. Did anyone at the above financial institution(s) know before you moved that you were moving to Edmonton?

   Yes ☐ No ☐

   If yes, who? (Teller, Manager, Receptionist, etc.)

   Bank _____

   Credit Union _____

   Trust Company _____

4. Have you opened an account at any of the following financial institutions since moving to Edmonton? (Please list name of firm, e.g. Nova Scotia, Royal Trust, etc.)

   Bank Yes ☐ No ☐ Name _____

   Credit Union Yes ☐ No ☐ Name _____

   Trust Company Yes ☐ No ☐ Name _____

5. In selecting a financial institution, many things are important to different people. Would you please rank the following items in order of importance to you from 1 (most important) to 9 (least important) for each of the three types of institutions.

	BANKS	CREDIT UNIONS	TRUST COMPANIES
Closeness to place of employment			
Closeness to home			
Hours of service provided			
Friendly and helpful staff			
Modern, attractive premises			
Parking facilities			
Service charges			
Interest rates on deposits and/or loans			
Integrity of the financial institution			

6. Which of the following influenced you most in your choice of financial institution(s) in Edmonton?

Personal friend or neighbor ☐

Fellow colleague or co-worker ☐

Saw or read an advertisement ☐

Previous satisfaction with firm ☐

Other (please indicate source) ☐

_____

7. Do you have a savings account now?

Yes ☐ No ☐

If yes, is it at the same financial institution as your chequing account?

Yes ☐ No ☐

If no account, if and when you decide to open a savings account, will it be in the same financial institution where you keep your chequing account?

Yes ☐ No ☐

8. How many Edmonton financial institutions did you visit before you opened your first account? (including the institution where your account is)

1 2 3 4 5

9. How much time did you spend actually looking for a financial institution before you opened your first account in Edmonton?

1 day or less ☐

2 - 6 days ☐

One week or more ☐

10. Do you have a charge, credit or identification card from any financial institution?

Yes ☐ No ☐

If yes, did you have a card from the same financial institution before you moved to Edmonton?

Yes ☐ No ☐

11. Most people seem to need to borrow money at one time or another. Did you ever obtain a loan from the financial institution (at your old address) where you had your chequing account?

Yes ☐ No ☐

If yes, did you owe any money on the loan when you moved to Edmonton?

Yes ☐ No ☐

12. Do you think it is more economical (cheaper) to maintain an account in one type of financial institution than in another?

Yes ☐ No ☐ Don't Know ☐

If yes, which one?

Bank ☐

Credit Union ☐

Trust Company ☐

13. Do you think it is more economical (lower cost to you) to obtain a loan from one kind of financial institution than with another?

Yes ☐ No ☐ Don't Know ☐

If yes, which one?

Bank ☐

Credit Union ☐

Trust Company ☐

14. Which of the following financial institutions do you think would be the easiest to approach if you wanted to borrow $500 for holiday expenses, or some other "non-essential" purpose?

Bank ☐

Credit Union ☐

Trust Company ☐

Other (specify) ☐ _____

15. If you had a large sum of money to deposit for a year or two, in which of the following financial institutions would you place your money?

Bank ☐

Credit Union ☐

Trust Company ☐

None of the above ☐

16. Person completing: (Please circle answer.)

Part I (a) Husband (b) Wife

Part II (a) Husband (b) Wife

APPENDIX D - LETTER TO HUSBAND

Dear Sir:

Let me first introduce myself and the purpose of the attached questionnaire. I am a graduate student in the Faculty of Business Administration at the University of Alberta. To enable me to complete the thesis requirements for my degree, I am conducting a research study on how newcomers to Edmonton establish shopping patterns---how and why favorite stores and services are chosen. My research is being directed by Dr. Paul Hugstad, a professor at the University. As your wife may have told you, she completed the first part of a questionnaire on supermarkets and clothing stores.

Because your wife indicated that you chose the financial institution you deal with (Bank, Credit Union or Trust Company) I am hoping that you will take the time to answer the questions in the attached questionnaire so that my study can be completed.

Should you have any questions concerning this research project, please feel free to call me anytime at 435-1449, or you may contact Dr. Hugstad at 432-5778.

Thanking you in advance for the few minutes I hope you will spend completing this questionnaire, I am,

Yours very truly,

Allan Platt

AP/gz

Attachment

B30032